

TOYOTA BOSHOKU Group Supplier CSR Guidelines

July 2017



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I. TOYOTA BOSHOKU Group Philosophy

1. Principles of Toyoda

- Always be faithful to your duties, thereby contributing to society and to the overall good.
- Be at the vanguard of the times through endless creativity, inquisitiveness and pursuit of improvement.
- Always be practical and robust, and avoid extravagant and frivolous practice.
- Always strive to build a homelike atmosphere at work, one that is warm and friendly.
- Be reverent, and show gratitude for things great and small in thought and deed.

2. Corporate Basic Philosophy

1. Society

The Company will promote corporate growth while fulfilling the following responsibilities as a good corporate citizen:

- (1) Maintain ethical values, ensuring that our corporate activities are fair and transparent;
- (2) Supply safe products that do not harm the environment; Promote corporate activities that help protect the global environment;
- (3) Create a better society as a member of our local communities.

2. Customers

The Company will develop innovative technologies and products to deliver quality that satisfies our customers.

3. Shareholders

The Company will promote innovative management policies that ensure future corporate growth and the trust of our shareholders.

4. Employees

The Company will build and maintain positive labour-management relations, respect the individuality of its employees and create safe and comfortable workplaces.

5. Business partners

The Company will promote open and mutually beneficial relationships with its business partners in pursuit of long-term growth and prosperity.

II. TOYOTA BOSHOKU Group **Supplier CSR Guidelines**

Toyota Boshoku Group, as a good corporate citizen, pursues growth that is in harmony with society.

We contribute to society by developing leading-edge technologies and manufacturing high-quality products.

1. Sharing management stance

We would like to carry out the following philosophy together with our suppliers.

1. Creation of working environment based on Respect for our employees

It is important to create an environment where workers can trust the company and develop a work climate that promotes human development.

2. Manufacturing based on Genchi-Genbutsu (fact-finding by actually going and seeing).

It is basically important to thoroughly observe the actual scene of manufacturing and try to find out the root cause that may be behind phenomena.

We attach importance to seeing the essence of things, and execute things using decisiveness of team activities and making best efforts.

3. Continuous Kaizen

It is important to always pursue evolution and innovation, and never cease to seek improvement.

4. Two-way communication

We regard our suppliers as part of our group. Therefore, we and our suppliers must maintain close communication, exchanging ideas frankly and coming to terms with each other on all matters of importance.

2. Toyota Boshoku's expectations of suppliers for providing "Products and Services"

We expect suppliers to provide the best possible products at the lowest possible cost. This must also consider providing in the most timely manner on a stable and long-term basis.

Supplier needs to develop and manufacture products that take the viewpoint of customers, who buy cars, into consideration.

1. Safety

Manufacturing requires human hands, and good quality products can be made only when safe and healthy working environment is maintained. In a safe working environment, workers can concentrate their efforts on manufacturing, and make products of good quality.

2. Quality

There is a saying that goes, "There is no growth for a company unless its quality improves." We expect supplier to build a self-contained manufacturing process that does not allow bad products to be made or shipped to ensure high quality for initial batch of new products. In terms of the quality of mass-produced products, we appreciate suppliers' effort on improving visibility of causes for when trouble occurs in manufacturing processes and make speedy response to address such causes.

3. Delivery, production

Toyota Boshoku Group is producing "only what is needed, only when it is needed, and only the amount that is needed." We expect suppliers to make effort to realize this by flexibly taking necessary actions in the phases of production preparation, production and delivery.

4. Costs

We expect suppliers to offer the most competitive cost in the world. For this, it is important for suppliers to seek innovation in technological development and production technology, and engage in activities to lower costs on an ongoing basis.

5. Technology

The importance of technology is growing in the areas of environmental protection, safety and comfort. We expect suppliers to pay attention to such requirements of society and the global environment, make efforts to precisely grasp customer needs to address them a step ahead of their competition, and to work to realize low prices so that their new technologies can benefit as many customers as possible.

3. Toyota Boshoku's expectations of suppliers in the process of developing "Products and Services"

We expect suppliers to comply with the following items to undertake CSR activities. We also expect suppliers to deepen and expand CSR initiatives with business partners by developing and deploying individual CSR policies and guidelines incorporating the following items.

1) Compliance

(1) Compliance with laws and regulations

- We actively comply with laws and regulations related to corporate activities, guidelines by the government, what are required under common sense.
- We create and operate a system to comply with laws, etc. and framework for education and regularly check their effectiveness.

(2) Management of confidential information

- We handle confidential information with utmost care, and, for this, create a necessary system to manage such information.
- We handle information that we obtain from outside the company in the same careful way we handle our internal confidential information and limit its use within the scope permitted under its purpose.
- We correctly collect and strictly manage personal information in accordance with the method specified under laws and regulations, and limit its use within the appropriate scopes.

(3) Respect of intellectual property

- In developing technologies and products, we conduct sufficient research in advance to avoid violating other companies' intellectual property, including patents.
- We do not use design rights, trademark rights or copyrights (including copyrights on software) without permission or create unlawful copies.

(4) Free competition, fair trade

- We strive to ensure fair competition with our rivals, and do not engage in acts that undermine free competition, such as unfair trade restriction (including cartel, bid rigging).
- We practice trades with suppliers in a fair and equitable manner and do not make unfair demand on suppliers.

(5) Export management that complies with security requirements

- When we export products, technologies, etc., we do so after we are sure we understand the laws and regulations related to export management.

(6) Transparent relationship with political parties, government

- We maintain fair and transparent relationship with political parties and the government, and do not make political donations or contributions that violate what is required under laws and regulations.

2) Protecting human rights, maintaining appropriate working conditions

(1) Maintaining good personal relationships

- We do not discriminate on the basis of race, religion, nationality, belief, gender, age, physical disability or illness.

(2) Ban on child labor

- We do not tolerate labor by children who are under the age permitted to engage in work under the law of respective countries or territories.

(3) Ban on forced labor

- We ensure that all work is performed voluntarily and that employees can leave their jobs as they wish, and do not tolerate forced labor.

(4) Wages

- We comply with laws and regulations of respective countries and territories on payments to employees, including minimum wages, overtime work, deductions and piece rates.

(5) Appropriate management of working hours

- We comply with laws, regulations and other rules related to labor, and appropriately manage working hours of employees.

(6) Freedom of association

- We recognize the rights of employees to freely decide to join or not join groups based on relevant laws and regulations of respective countries.

(7) Creating safe, healthy working environment

- We place priority on the maintenance of the safety and health of employees on duty and strive to prevent accidents and disasters.

3) Efforts to conserve environment

(1) Environmental management

- In order to promote a wide range of environmental conservation activities, we comply with laws and regulations of respective countries and territories and create a company-wide framework to manage such efforts, and operate and improve it on an ongoing basis.

(2) Reduction of greenhouse gas emissions

- In order to contribute to prevention of global warming, we control greenhouse gas emissions from our corporate activities and promote activities to reduce them. We also pursue efficient use of energy.

(3) Prevention of pollution of air, water, soil, etc.

- We comply with laws and regulations related to the prevention of pollution of air, water, soil, etc. in respective countries and territories, and continue to monitor our compliance and reduce contaminants to prevent environmental pollution.

(4) Resource conservation, reduction of waste

- We comply with laws and regulations in respective countries and territories related to appropriate disposal, recycle etc. of waste, and make efforts to reduce the final amount of waste disposed of through effective use of resources.

(5) Management of chemical substances

- We safely manage chemical substances that have the risk of contaminating the environment.
- Our products do not contain chemical substances that are banned by laws or regulations of the countries or territories where they are sold.
- We do not use banned chemical substances in our production processes. When we use chemical substances designated under the laws or regulations of the country or territories of production, we record the amount we discharge and report it to the government in accordance with laws and regulations.

4) Contribution to society through corporate activity

(1) Accountability in procurement of resources, materials

- When we make purchases, we pay attention to materials that can cause social problems, such as human rights violations and environmental damage and potential impact on the local community from the use of such materials. When we detect risks, we take measures to avoid their use.

(2) Social contribution activity

- We promote social-contribution activities that support development of society, and actively participate in activities of local communities to be a company that is trusted by society.

(3) Timely, appropriate information disclosure

- We disclose information needed by our stakeholders in an accurate and timely manner and ensure good communication with local communities.

5) Risk management

(1) Creating, operating business continuity plan

- We create a business continuity plan (BCP) that will guide us to recover our operations early after experiencing a disaster or accident.

6) Developing and Deploying Policies and Guidelines for Business Partners

- Strive to deepen and expand CSR initiatives with business partners by developing and deploying individual CSR policies and guidelines incorporating the guidelines outlined above.
- Promote the above activities in consideration of the whole supply chain and conduct the necessary countermeasures for follow-up and improvement of business partners.